

Message Text

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ACTION STR-07

INFO OCT-01 AF-10 ARA-10 EA-10 EUR-12 NEA-10 IO-13
ISO-00 STRE-00 OIC-02 CEA-01 CIAE-00 COME-00
DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15
ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01 DOE-15
JUSE-00 AGR-01 /169 W
-----016014 141730Z /50

P 141710Z APR 78
FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 8413
INFO AMEMBASSY WELLINGTON

LIMITED OFFICIAL USE SECTION 01 OF 02 GENEVA 05672

USMTN
ACTION STR PASS ELECTRICALLY
STR PASS CODEL

E.O.11652:N/A
TAGS: MTN, NZ, ETRD
SUBJECT: US/NEW ZEALAND REQUESTS AND OFFERS

REFS: A. GENEVA 4509, B. STATE 92179, C. WELLINGTON 1752

1. U.S. MTN DEL (SWAIN, MIMS) MET APRIL 11 WITH NEW ZEALAND DEL (FARNON, GREIG, MCPHAIL) TO FURTHER CLARIFY RESPECTIVE REQUESTS AND OFFERS (REFTELS A AND B). AMBAS- SADOR FARNON ELABORATED UPON NEW ZEALAND'S DAIRY OBJEC- TIVES VIS-A-VIS THE U.S. AND FORMALLY SUBMITTED SPECIFIC REQUESTS ON BUTTER, CHEESE AND MILK DERIVED ANIMAL FEEDS.

2. TEXT OF NEW ZEALAND'S REQUESTS FOLLOWS.

QUOTE NEW ZEALAND REQUESTS TO THE UNITED STATES
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A. BUTTER -- NEW ZEALAND SEEKS AN IMPORT QUOTA WITH A MINIMUM LEVEL AT THE LEVEL OF THE 1947 TARIFF QUOTA OF 50 MILLION POUNDS. COUNTRY SHARES SHOULD BE ESTABLISHED ACCORDING TO THE CRITERIA ESTABLISHED IN THE GATT AND OPERATED BY THE UNITED STATES.

B. CHEESE -- NEW ZEALAND SEEKS AN INCREASE OF 100 PERCENT ON ITS CURRENT LEVEL OF EXPORTS ON EACH OF THE THREE CHEESE CATEGORIES UNDER QUOTA. ON THE BASIS OF THE 1977 EXPORT FIGURES, THIS WOULD AMOUNT TO:

--CHEDDAR 12.1 MILLION POUNDS
--AMERICAN-TYPE 7.1 MILLION POUNDS
--OTHER CHEESE(OVER 46.5 MILLION POUNDS
0.5 PERCENT BUTTERFAT)

C. MILK-DERIVED ANIMAL FEEDS -- NEW ZEALAND SEEKS A DOUBLING OF THE PRESENT QUOTA, BRINGING A NEW ZEALAND SHARE OF 7,860,000 POUNDS. UNQUOTE

3. IN PRESENTING THESE REQUESTS, NZ DEL SAID THAT TIMING WAS ABOUT RIGHT GIVEN THE STATE OF THE NEGOTIATIONS IN THE DAIRY SUBGROUP AND THE NEED TO FLESH OUT THE ANNEXES TO THE PROPOSED DAIRY ARRANGEMENTS. IMPROVED CONDITIONS OF ACCESS FOR DAIRY PRODUCTS IS THE CRITICAL AREA FOR MTN SETTLEMENT WITH U.S., AS IT IS WITH THE EC AND JAPAN, BOTH OF WHOM THEY ARE PRESSING EQUALLY AS HARD. THEY POINTED OUT THAT THE MINIMUM LEVELS REQUESTED AMOUNT TO ONLY A SMALL PERCENTAGE OF CURRENT U.S. CONSUMPTION AND SHOULD BE READILY ABSORBED BY THE U.S. MARKET IF PROGRESSIVELY IMPLEMENTED OVER A PERIOD SIMILAR TO THAT BEING DISCUSSED FOR THE PHASING OF TARIFF REDUCTIONS.

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4. U.S. DEL STATED THAT A MORE ADEQUATE RESPONSE TO OUR REQUESTS OF NEW ZEALAND WOULD ALLOW MORE FAVORABLE CONSIDERATION OF THESE REQUESTS BY WASHINGTON. AS IT IS, THE U.S. IS NOT NOW PREPARED TO MAKE ANY ADDITIONAL OFFERS GIVEN THE INADEQUACY OF THE NZ OFFER, THE ABSENCE OF EC AND JAPANESE OFFERS IN THE DAIRY SECTOR, AND OF EC SPECIFIC DAIRY REQUESTS TO THE U.S.

5. NZ DEL REPLIED THAT A "TASK FORCE" WAS PRESENTLY AT WORK IN WELLINGTON ON SUPPLEMENTARY RESPONSES TO U.S. AND OTHER COUNTRY REQUESTS INDICATING, INTER ALIA, THAT RESPONSES WOULD BE FORTHCOMING ON 020600Z, 0802001, 0802021, 0802031, 0806101, EX 0806201, EX 110101, 1602109, AND EX 2107029. UPON COMPLETION OF THE TASK FORCE'S WORK IN THREE TO FOUR WEEKS TIME, A TEAM, TO BE LED PROBABLY BY ASSISTANT SECRETARY WOODFIELD, WILL COME TO GENEVA TO PRESENT NEW ZEALAND'S SUPPLEMENTARY OFFER AND TO ENGAGE IN "REALISTIC" NEGOTIATIONS IMPLYING THAT BOTH SIDES SHOULD HAVE BY THAT TIME SUFFICIENT DEGREE OF NEGOTIATING LATITUDE ON A PRODUCT SPECIFIC BASIS. WE AGREED TENTATIVELY TO SCHEDULE SUCH A MEETING DURING THE FIRST WEEK OF MAY.

6. WITH RESPECT TO LICENSING, U.S. DEL SUBMITTED REVISED LIST OF AGRICULTURAL AND INDUSTRIAL PRODUCTS ON WHICH U.S. IS SEEKING ELIMINATION OF LICENSING. NZ DEL REITERATED ITS WILLINGNESS TO CONSIDER EXEMPTION ON ITEMS OF INTEREST TO U.S. AND POINTED OUT THAT IN THE NEW LICENSING SCHEDULE SEVERAL ITEMS HAVE BEEN REGROUPED AND RENUMBERED TO REFLECT THE CONVERSION TO THE REVISED TARIFF SCHEDULE TO COME INTO EFFECT JULY 1. IN ADDITION, SEVERAL DISCRETIONARY LICENSING ITEMS HAVE BEEN CHANGED TO BASIC (QUOTA ALLOCATION) ITEMS. IT IS IMPERATIVE THAT WASHINGTON AGENCIES REVIEW U.S. REQUESTS IN LIGHT OF 1978/79 IMPORT LICENSING SCHEDULE (REFTEL C) AND NEW TARIFF SCHEDULE.
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ACTION STR-07

INFO OCT-01 ISO-00 STRE-00 IO-13 AF-10 ARA-10 EA-10
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DODE-00 EB-08 FRB-03 H-01 INR-10 INT-05 L-03
LAB-04 NSAE-00 NSC-05 PA-01 CTME-00 AID-05 SS-15
ITC-01 TRSE-00 ICA-11 SP-02 SOE-02 OMB-01 DOE-15
JUSE-00 AGR-01 /169 W

-----016058 141729Z /43

P 141710Z APR 78

FM USMISSION GENEVA
TO SECSTATE WASHDC PRIORITY 8414
INFO AMEMBASSY WELLINGTON

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ACTION STR PASS ELECTRICALLY; STR PASS CODEL

7. WITH REGARD TO OUR CONCERN ON SPECIALTY FLOURS, NZ

DEL SAID THE IMPORTS OF SPECIALTY FLOURS ARE NOT REPEAT NOT INHIBITED BY MONOPOLY PURCHASING BY THE WHEAT BOARD WHICH IMPORTS ON GLOBAL BASIS ACCORDING TO NEED. IF WE CONSIDER TRADE IS BEING INHIBITED, THEY REQUEST MORE SPECIFIC INFORMATION.

8. WITH REGARD TO SO-CALLED "DETERMINATION ITEMS" (E.G., 3902061, FLEXIBLE TUBES), NZ DEL POINTED OUT THAT WE HAD MADE REQUESTS ON SEVERAL, BUT THAT IN THE PAST THE U.S. HAD REGARDED BINDINGS ON THESE ITEMS AS MEANINGLESS AND ILLEGAL. WE ASSUME THAT IN THIS CASE AS OTHERS, OUR REQUESTS HAVE NOTHING TO DO WITH OUR VIEWS ON THE LEGALITY OR ILLEGALITY OF AN ISSUE UNDER THE GATT.

9. ACTION REQUESTED: PLEASE ADVISE IF WASHINGTON PREP-LIMITED OFFICIAL USE

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ARATION WOULD BE SUFFICIENTLY ADVANCED TO ENABLE MTN DEL TO ENGAGE NZ DEL FIRST WEEK OF MAY. AT MINIMUM, WE NEED MORE EXPLICIT INDICATION OF NEGOTIATING PARAMETERS OF U.S. REQUESTS AND OFFERS. CLEARLY, A POSITIVE RESPONSE TO NZ'S DAIRY REQUESTS (PARA 2) WOULD BE REQUIRED IF WE ARE TO REACH AN MTN SETTLEMENT WITH NEW ZEALAND. IN ANY EVENT, MTN DEL WOULD APPRECIATE RESPONSE TO OUTSTANDING ISSUES (REFTEL A AND B), AND IN VIEW OF THE FACT THAT NZ "TASK FORCE" IS NOW AT WORK, WE WOULD APPRECIATE WASHINGTON'S VIEWS ON SUBMITTING SUPPLEMENTARY U.S. REQUESTS ASAP.

10. DRAFTED BY SWAIN/MIMS. MCDONALD

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 jan 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: TRADE, DAIRY PRODUCTS, NEGOTIATIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 14 apr 1978
Decaption Date: 01 jan 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 20 Mar 2014
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1978GENEVA05672
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D780161-0192
Format: TEL
From: GENEVA USMTN
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1978/newtext/t19780455/aaaabuwq.tel
Line Count: 204
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: c7a301b0-c288-dd11-92da-001cc4696bcc
Office: ACTION STR
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 4
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 78 GENEVA 4509, 78 STATE 92179, 78 WELLINGTON 1752
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 05 may 2005
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: N/A
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 2964801
Secure: OPEN
Status: NATIVE
Subject: US/NEW ZEALAND REQUESTS AND OFFERS
TAGS: ETRD, NZ, MTN
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/c7a301b0-c288-dd11-92da-001cc4696bcc
Review Markings:
Sheryl P. Walter
Declassified/Released
US Department of State
EO Systematic Review
20 Mar 2014
Markings: Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014